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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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US-MEXICO BEEF TRADE REESTABLISHED IN THE SHORT TERM

Texas Agricultural Commissioner Susan Combs indicated that in three weeks Mexico could open the border to U.S. beef and live cattle exports, thanks to a new certification program based on precautions taken to halt the spread of "mad cow disease." Mexican zoosanitary authorities did not confirm or deny Combs' declaration. (Source: *Milenio*, 2/17/04)

NEW JERSEY BANNED FROM EXPORTING POULTRY TO MEXICO

Due to avian influenza (AI) detections in the State of New Jersey, the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), through the Animal Health Directorate announced on February 13, 2004, that New Jersey will be included on the list of banned states to export live birds, raw meat, carcasses, viscera, trimmings, fertile eggs, and table eggs to Mexico. On February 10, 2004, the State of Delaware was also banned from exporting poultry to Mexico due to an AI outbreak. There are now ten states affected by low path AI that are banned from exporting to Mexico: Maine, Connecticut, Pennsylvania, West Virginia, Virginia, North Carolina, Texas, California, Delaware and New Jersey. For additional information on Mexican regulations for U.S. poultry and poultry products exports see report MX 4023. (Source: OAA/Mexico City, 2/13/04)

20th MEAT INDUSTRY ANNUAL CONVENTION

The Mexican Meat Council (COMECARNE) will sponsor the 20th Meat Industry Annual Convention in Guanajuato, Mexico, on February 25-28, 2004. The convention entitled: "The Meat Production Chain as a Challenge to the Industry," is a forum for meat industry specialists that will allow participants to exchange information and updates in areas such as food safety, state of the art technology, health, and socioeconomic issues. Renowned specialists in their fields will lead each discussion. Both USMEF and USAPEEC, as associate members of COMECARNE, will be sponsoring events and trade receptions for the principal importers of U.S. pork and poultry ingredients. The meeting will be attended by leading meat processors from Northern Mexico. (Source: COMECARNE, 2/18/04)

INCREASE IN MEXICAN FRUITS AND VEGETABLES EXPORTED TO THE U.S.

Promotion of fruits and vegetables from Mexico in the U.S. market has resulted in increased exports of close to 20 percent in the last two years for avocados, olive oil and table grapes. The Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) indicated that avocado exports, for example, increased by 22 percent from 2002 to 2003. (Source: *Reforma*, 2/17/04)

KERRY WOULD REVIEW NAFTA

Democrat Senator John Kerry affirmed that in the event he is elected the next U.S. President, he would review the NAFTA agreement to determine "what is functioning and what is not." Recently, Kerry called for a reform on migratory law, which could include an "earned" regularization program for alien residents. NAFTA became a debate topic between North Carolina Democrat Senator John Edwards and Kerry, when Edwards said, "there are differences," since he did not support NAFTA while Kerry did. (Source: *El Universal*, 2/17/04)

SECRETARIAT OF ECONOMY SAYS FREE TRADE AGREEMENTS WON'T SOLVE POVERTY

According to Under Secretary of International Commercial Negotiations of the Secretary of Economy, Fernando de Mateo-Venturini, free trade agreements negotiated by Mexico have not contributed to overcoming poverty, because it requires "other instruments." During a meeting with academics and congresspersons, they reproached him to negotiate the Free Trade Area of the Americas (FTAA) "practically secretly." The PRD deputy, Marcela Gonzalez-Salas, affirmed that after ten years that NAFTA has been in effect, "the income distribution has worsened, the number of poor people has increased dramatically, and NAFTA only has generated and increased inequality." She went on to say, "with FTAA, why should we expect that it will be any different?" (Source: *La Jornada*, 2/17/04)

"NAFTA BONUS," AN OPTION FOR THE MEXICAN ECONOMY

Former Under Secretary of Trade, Luis De la Calle, stated that Mexico has the opportunity to push the "NAFTA Bonus" to give vitality to the investment and employment sectors, so as not to depend only on the U.S. economic recovery to recapture growth in Mexico. He stated that the amplification of NAFTA should be based on three components: investments financed in physical infrastructure, technological transfer and workers' training, and renegotiation of the agricultural chapter with a sanitary agreement. (Source: *El Financiero*, 2/17/04)

EXPERTS SAY IT WILL BE DIFFICULT TO ELIMINATE NAFTA DEFECTS

Experts in foreign trade stated that after ten years since NAFTA went into effect, its defects have been clearly identified. However, they pointed out that the United States hardly would agree to sum up an "agreement bonus" that implies changes in their strategic sectors such agricultural. (Source: *El Financiero*, 2/18/04)

THE NAFTA BONUS, IN EXPLORATORY PHASE

Kenneth Smith-Ramos, General Director of Evaluation and Pursuit of International Trade Negotiations, of the Secretariat of Economy, pointed out that the amplification of the NAFTA is already in exploratory phase. The analysis concentrates on the promotion of trade, outlines harmonization of import tariffs and standards of quality. He said that there is not a set date for the NAFTA Bonus, although Mexico, the United States and Canada committed to extend the agreement when arriving at 99 percent of the reduction of import duties. He said that the migratory topic is not being brought up during discussions, as it's only an issue between the United States and Mexico. (Source: *EL Financiero*, 2/23/04)

FARMER GROUP REQUESTS AN ADVANCE COPY OF THE NAFTA IMPACT ON AGRICULTURE STUDY

Armando Paredes, President of the Agricultural National Council, requested a copy of the evaluation of the impact of NAFTA in the agricultural sector prior to March 3, 2004, from the Secretariat of Economy. He said the rural organizations would like to see the progress of the commitments of the National Agreement on Agriculture. (Source: *EL Financiero*, 2/23/04)

ACTIVISTS DECRY GM FOOD AGREEMENT

Environmental activists said that when signing an agreement with the United States and Canada governing the shipment of genetically modified foods, the Mexican government ignored and suppressed concerns expressed by its own scientists. Leaders of Greenpeace Mexico said the government's biosecurity agency, Cibiogem, had manipulated information produced by its council of scientific advisors and "deceitfully buried data." Greenpeace and other activists are concerned over a document signed last October 29, 2003, by Mexico, the United States and Canada governing the labeling requirements on genetically modified grains. The pact supports loose U.S. backed standards by allowing shipments of grain to contain up to five percent of genetically modified (GM) varieties before requiring labels or special documentation. Citing minutes from Cibiogem meetings, Greenpeace activist Liza Covantes said the government had ignored recommendations from scientists advising the agency to require stricter requirements. Greenpeace also said the agency had ignored repeated recommendations to inform the public over the confirmed presence of biotech corn growing in rural states despite a recently revoked ban on sowing GM corn in Mexico. Alejandro Calvillo, Director of Greenpeace Mexico, said by inking the accord, Mexico was undermining multilateral negotiations over the labeling of GM foods going on under the Cartagena Protocol, a biosafety agreement signed in 2000 and ratified by Mexico last year. Signatory nations are meeting at the end of February in Kuala Lumpur, Malaysia. The United States, the world's leading producer of genetically engineered foods, has not signed the agreement, but is pushing countries to accept lower standards than others, such as the European Union. While health authorities say there are no adverse effects from consuming GM corn, Mexican activists fear biotech species could displace local varieties and are worried about other possible unforeseen effects. (Source: *La Jornada* and *El Universal*, 2/18/04)

AI CASE DETECTED IN CANADA

An Avian Influenza (AI) case was recently detected in the Canadian province of British Columbia. According to the Canadian Minister of Health, this case does not imply health risk to humans. He said that the poultry operation is isolated and the virus was identified as an H7 type of AI, which was the same form detected in the State of Delaware. The Canadian official also said that they are working to clarify the situation on a scientific basis. (Source: *Reforma*, 2/19/04)

BRITISH COLUMBIA BANNED FROM EXPORTING POULTRY TO MEXICO

Due to an avian influenza (AI) outbreak in British Columbia, Canada, the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) decided to shut down imports from that area. The Animal Health officials in Mexico indicated that although this is a low path outbreak with no risks to human health, they decided to restrict imports to prevent any risk of contamination. (Source: *El Financiero*, *La Jornada*, *El Universal*, 2/23/04)

CITY CLUB OPENS ITS DOORS TO MONTERREY CUSTOMERS

City Club, the member and wholesale format of the Northern Mexico leading supermarket chain Soriana, held its grand opening ceremony in Monterrey on February 18, 2004. The retail/wholesale store operates a warehouse type format that will compete with U.S. firms Sam's and Costco. The new store offers high-quality food items to its customers, from frozen raw products to fully cooked meals and bakery items. Although the food suppliers are mostly of domestic origin, the store offers some imported merchandise, such as a low-fat aisle with many imported branded items. In order to create opportunities for U.S. food suppliers, ATO Monterrey staff has held meetings with various food and beverage category managers to discuss long-term marketing cooperation. A recent joint success story, earlier reported by ATO Monterrey, was the promotion of yellow onions from the State of Idaho sponsored by ATO Monterrey and Soriana. This success has opened the door to new promotion opportunities with Soriana. (Source: ATO Monterrey. 2/19/04)

GREENPEACE WILL DEMAND AN ANNULMENT IN KUALA LUMPUR

International Greenpeace will demand that the agreement on transgenics that Mexico signed with United States and Canada last October, "without the approval of the Senate," and which goes against the principles of the Cartagena Protocol, be annulled. Lisa Covantes, coordinator of the campaign of genetic engineering for Greenpeace Mexico, stated that during the upcoming Kuala Lumpur meeting, they would request this annulment. (Source: *La Jornada*, 2/22/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX4024	Weekly Highlights & Hot Bites Issue #7	2/17/04
MX4025	New Documentation Requirements for Imported Peaches	2/19/04
MX4026	New Documentation Requirements for Imported Pork	2/19/04

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